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VOL. XVI.

AUSTRALIAN MINING COMPANIES' ACCOUNTS.

BY

DANVERS GODDEN, F.F.I.A. AUST.

AND

WILLIAM N. ROBERTSON, F.F.I.A. AUST.

Fellows of the Federal Institute of Accountants (Incorporated) Australia, (Head Office, Melbourne), and Licensed Auditors under the (Victoria) "Companies Act 1896."

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THE object of the series of handbooks that is being published under heading of THE ACCOUNTANTS' LIBRARY is to provide, at a reasonable price, detailed information as to the most approved methods of keeping accounts in relation to all the leading classes of industry whose books call for more or less specialised treatment. No such series has hitherto been attempted; but there exist, of course, numerous separate works dealing with the accounts of one particular class of undertaking. These separate works are, however, for the most part either too expensive, or too superficial to answer the purpose that is particularly aimed at by THE ACCOUNTANTS' LIBRARY, which is intended to supply the student with that specialised information which he may require, while at the same time affording to the trader, banker, or manufacturer who is not in a position to secure the fullest information for his purpose, knowledge which can hardly fail to be of the very greatest assistance to him in the correct keeping of his accounts, upon a system specially adapted to his requirements, and therefore involving a minimum expenditure of labour. It is expected that the series will also be found of material assistance to bookkeepers of all classes.

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a speciality. It is obvious, however, that to enable the necessary ground to be covered in the space available, it is incumbent to assume upon the part of the reader a certain knowledge of general bookkeeping. The extent of the knowledge assumed will vary according to the nature of the class of accounts considered. For example, in the volumes on "Bank Accounts" and "Shipping Accounts" a thorough acquaintance with ordinary double-entry bookkeeping is not unnaturally assumed; but in the case, for instance, of "Auctioneers' Accounts," "Domestic Tradesmen's Accounts," and other similar volumes, such explanations are included as will enable the ordinarily intelligent reader fully to grasp the methods described even although his knowledge of bookkeeping may be of an elementary description. These explanations are, doubtless, superfluous as far as accountants are concerned, but are necessary to make the volumes of value to the majority of those specially engaged in these particular industries.

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Arrangements for dealing with other subjects are now in progress, and the Editor wishes to add that he will be glad to receive suggestions and offers from accountants of experience for the undertaking of volumes not yet announced.

34 Moorgate Street,
London, E.C.
August 1902.

AUSTRALIAN MINING COMPANIES' ACCOUNTS.

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INTRODUCTION.

IN the following pages the writers have endeavoured to explain the *modus operandi* of the accounts of Mining Companies as they are worked in Australia, dealing chiefly with the peculiarities of the No Liability System, which obtains in all the States of the Commonwealth, and now constitutes the main feature of such accounts. This system—as they hope they will be able to demonstrate to English readers unacquainted with it—is no strange uncanny thing like the kangaroo or the platypus was to original beholders, but the development of old English methods, which "England's Best" brought with them to "Australia Felix" in the early fifties, when they formed the vanguard of the "Legion that never was listed" that has built up our flourishing Australian Commonwealth.

On "The Diggings," originally mining claims were taken up by actual working parties, each member of which had to work his shift in the mine. Afterwards, as the roving instinct steadied down and the mining community became more settled, the natural British aptitude for administration began to assert itself, when it was seen that the methods then in vogue, of small and disconnected parties working with no well-defined plans, were neither the most economical nor the most effective means of developing the wealth that lay underfoot. Organisation and co-operation now became the order of the day, and, taking the Cornish Cost Book Company as the basis, special legislation for Mining Companies was enacted, the Victorian Mining Companies Act of 1855 being the pioneer in this

respect. Amendments naturally followed, and in 1871 the original Act and its amendments were embodied in the Mining Companies Act, 1871 (now forming Part II. of the Companies Act, 1890), which is the present Victorian law on this subject. The Tasmanian Mining Companies Act, 1884, is practically the same as the Victorian Act, and in both these States the essential features of the Acts, and their evident objects, are "Limited Liability" Mining Companies—the No Liability System being an addenda which, in a tentative sort of a way, by a few supplementary provisions makes room for such companies; but, in the evolution of mining speculation, that system has, by the freedom of action it allows, ousted all others, and has come to be regarded as the main feature in Australian Mining Companies, no further amendment having yet been made.

In New South Wales, Queensland, South Australia, and Western Australia there is no separate Mining Company legislation, but the No Liability System is provided for in, or by amendments to, the ordinary Companies Acts. Still, the general practice follows more or less closely that of Victoria and Tasmania, and any divergences therefrom are dealt with in these pages as occasion arises.

D. G.

W. N. R.

Melbourne,

February 1902.

AUSTRALIAN MINING COMPANIES' ACCOUNTS.

I.—PRELIMINARY.

In compiling this work the authors are touching, they believe, entirely new ground, and one of much interest to accountants and others. By the term "Australian Mining Companies," the original intention was that the following remarks and accounts should be taken to apply to those registered under the "No Liability" System, but as many of the larger companies with London quotations are registered as limited liability companies, this limitation has had in some sections to be departed from. The No Liability System, under which the vast majority of Australian Companies work, is really an evolution of the system of Cost Book Mining Companies, as carried out in Devon and Cornwall (U. K.), and was probably introduced by miners who flocked thence, attracted by the early gold discoveries, and who still form an appreciable leaven in Australian mining communities. The effect is that a shareholder incurs no responsibility in becoming a member of a "No Liability" Company. If it is not successful he may abandon his interest whenever he chooses by refusing to pay calls; non-payment within the time specified by law of itself effects the forfeiture of the shares without any procedure on the part of the company, so that the liability of the shareholder as a contributory is consequently *nil*, though he may still have a contingent interest in the shares in case they should realise a surplus on their being afterwards sold by the company. This is fully dealt with under the heading of "Forfeited Shares."

The result of this system is therefore that, as shareholders cannot be called upon to contribute towards the payment of the company's debts in case of winding-up, No Liability Companies are, in effect, precluded from obtaining credit, except on the security of their actual property.

In the early days, when the system was first evolved and when the gold was easily won at shallow depths, the system suited requirements, but now that the surface deposits have been practically worked out, and the mining operations requisite for the greater depths now necessary entail a much heavier expenditure, as well as a longer wait for returns, it has been found to have its disadvantages.

Though at first sight it may appear antagonistic to the general principle of Company Accounts, this system is really, under the circumstances, justifiable, especially when it is taken into consideration that the trading (so to speak) of the concern has little to do with the estimation in which it is held by those interested and by the public generally. A good crushing or smelting, a new find of reef or ore, good returns from gold dredging, &c., are the salient points that shareholders' attention is fixed on, and which, therefore, necessarily fluctuate the market. Depreciation on Machinery is practically ignored, and under the peculiar circumstances this is, perhaps, even defensible, Plant, &c., being retained as an asset at its cost, as also are Dams, Watercourses, Fluming, and so forth; and, further, the work of development and Office Expenses are treated as capital expenditure and charged to the Mine. For the same reason also the debit of Profit and Loss is frequently transferred to Mine Account. In other cases it is retained, either as a balance at Profit and Loss or under the head of Working Expenses, but, in whatever way it is treated, it is merely a record of expenditure that no longer concerns anyone,

and is in no way regarded as affecting the stability of the company. Dividends, of course, are only payable out of profits, and even then, as a rule, only when such profits are represented by available cash. One practice to be deprecated, even though it is really the outcome of the system, is the almost systematic non-reserving of cash for development purposes, or the erection or extension of machinery, thus necessitating calls being made when returns fall off, and, as a concomitant, the possible lowering of marketable value of shares, or even the stoppage of the company. This, however, is practically unavoidable, as, owing to the rapidly changing conditions of the Mining Share Market, permanent investment is seldom contemplated, and the reserving of profits to meet future contingencies is usually objected to by the immediate shareholders, who—on the principle that the "bird in hand is worth two in the bush"—naturally prefer the division of profits as they become available to making a virtuous sacrifice for the benefit of strangers who may come after them. The No Liability System, however, with all its faults is, and has been, undoubtedly a great help to mining enterprise, as it works for the small investor without entangling him in penal liabilities in case of liquidation.

Although naturally opening a wide door for speculation, without its aid in giving things a start many of our most prosperous mines might have never been called into existence.

The Victorian Mining Companies' Law also provides for Prepayment Companies, which more closely follow the Cost Book System of the Stannaries (U. K.), but these provisions are hardly, if ever, invoked; in fact, are practically unknown to mining investors as a body, and as the rules laid down for their management are only slight departures from the No

Liability System they call for little or no special comment. On the other hand, Limited Mining Companies are provided for in some of the States, and may be regarded as a sort of compromise between the Trading Company and the No Liability Company. Any special points regarding them will be noticed as occasion arises.

As an Appendix is given a Comparative Table, showing the principal provisions contained in the Acts of the different States of the Commonwealth relating to the accounts of No Liability Companies.

II.—CAPITAL ACCOUNTS.

OPENING ENTRIES, MINE ACCOUNT, &c.

In opening the books of a No Liability Company the procedure is much the same as in a Trading Company; the Capital Account in the General Ledger should be made to show at the outset the full amount authorised by the Memorandum of Association (which is in the form of the schedule provided by the Act), reciprocal *Dr.* accounts being opened to provide for capital values, &c., though, as has already been pointed out, the status of capital in the two classes of companies is widely different. The company is usually promoted by a syndicate which has previously secured, and probably prospected, the property, and then invites the public to join it in developing. If it is in a fashionable neighbourhood, and the amount asked for is not too great, the public, which is usually open for a "flutter," generally responds. The syndicate then sells out to the new company for an interest (more often than not a controlling one) in the new company in fully or partly paid-up shares, which, when issued, is regarded as the initial cost of the mine, and is debited to "Mine Account." The only analogous entry to this in other forms of accounts is "Goodwill," though the two are quite different in their functions, and the illustration is quoted as a comparison, not a parallel.

For instance, take a company registered with 100,000 shares of £1 each, 80,000 of which are issued to the public as "contributing" (at 1s. on application and 1s. on allotment), 10,000

are reserved for future issue, and 10,000 are issued to the vendors, paid up to 10s. each. The Journal entries, which are purposely extended to make the system clear, would be as follows.—

JOURNAL.

	Dr. £ s d	*Cr.* £ s d
Uncalled Capital	90,000 0 0	
90,000 Shares at £1.		
Unissued Shares	10,000 0 0	
10,000 Shares at £1.		
To Capital, 100,000 Shares at £1	..	100,000 0 0
As per Prospectus.		
Vendors	5,000 0 0	
To Uncalled Capital	..	5,000 0 0
10,000 Shares, paid up to 10/-		
Application (80,000 Shares at 1/-)..	4,000 0 0	
Allotment ,, ,, ,, ..	4,000 0 0	
To Uncalled Capital	..	8,000 0 0
Mine Account	5,000 0 0	
To Vendors	..	5,000 0 0
Transfer of previous entry.		

From this it will be seen that the "Uncalled Capital Account" stands at £77,000, being made up of 18s. uncalled on 80,000 shares (£72,000), and 10s. on the 10,000 vendors' shares (£5,000). When calls are made, the 80,000 shares are levied on up to 10s., and then the 90,000 issued shares all rank equally—*i.e.*, calls are then made on 90,000 shares.

Should the unissued shares be afterwards disposed of, the general rule is to issue them paid up to the amount called or paid on the issued shares at date, and to debit the Mine Account accordingly, the balance of the Unissued Shares Account being transferred to Uncalled Capital.

When an increase of capital is made, it must be agreed to by the shareholders under the provisions of the law as set out at the close of this chapter, and it, of course, becomes "uncalled."

The Capital Account entries for this are similar to the above, and must follow the terms of the resolution empowering the increase. If any amount is to be credited as paid up on the newly-created shares, the Mine Account again bears the debit.

Should the terms of the flotation provide that the vendors receive payment wholly or partly in cash, such cash is paid out of first moneys received from the issue of shares, or out of first proceeds of the mine, as may be agreed upon. Again, should the vendors provide any plant, works, or machinery, these respective accounts are charged as at cost and the Vendors' Account credited, the final adjustment of this account being made, if in shares, through the Journal on the same lines as shown in the foregoing example, or, if in cash, through the Cash Book.

Certain restrictions are placed on No Liability Mining Companies as to capital. In Victoria, though no number of subscribers to the Memorandum of Association is required, two-thirds of the shares must be subscribed and 5 per cent of the subscribed capital paid up before registration will be granted or (if granted) effectual. But it has been decided that this 5 per cent. may be in money or money's worth, so that plant, &c., provided by the promoters may be treated as such, though, of course, its value must be shown, and if it be over-valued the fact might be a ground for impeaching the incorporation of the company.

In New South Wales 10 per cent. of the subscribed capital must be paid up in cash, and the Memorandum of Association must be signed by seven persons.

In Western Australia 5 per cent. of subscribed capital must be paid up in cash, and the Memorandum must be signed by at least five persons; while in South Australia, the only requirement is the signature of five members to the Memorandum.

No limit is prescribed in these three States as to the proportion of shares to be subscribed for prior to registration. In Tasmania, as in Victoria, the number of subscribers to the Memorandum of Association is not specified, the only requirement there being the subscription of two-thirds of the shares; while in Queensland, seven subscribers are required, and 5 per cent. of the nominal capital must be actually paid up in cash prior to registration. (See Appendix.)

The question of calls will be dealt with more fully under the heading of "Forfeiture of Shares," but it may be as well to mention here that it is usual to limit the amount that may be called in any one month for general purposes, while provision is as a rule made for special machinery calls in addition. These latter are usually restricted in number, although generally permitted to be of larger amounts than the ordinary calls. (Threepence per share is a common limit for ordinary calls, while machinery calls in the same company may be up to, say, 1s. per share.)

The times for making calls are also defined by law. In Victoria, New South Wales, and South Australia they may only be made payable on the second Wednesday in a month, and must be made not less than seven days before that day. A notice to this effect must be printed on the face of the Scrip Certificates, so that all persons dealing in or handling shares in the No Liability Companies of these States may know when to expect calls thereon. The second Wednesday has thus come to be known as "Call Wednesday." In Western Australia a

call must be made payable on a date not less than 14 days from the date of its declaration, no particular day of the week being specified.

Increase of Capital.—

In New South Wales, South Australia, and Tasmania the shareholders of a Mining Company may, in general meeting, under slightly differing modes of procedure, increase the capital of the company; and this may be done in Victoria in much the same manner, but in this latter State only after the final call has been made, or for the purpose of amalgamating with or purchasing adjoining claims.

In Western Australia there is no definite provision for *No Liability* Mining Companies increasing their capital.

In Queensland the *No Liability* System is dealt with by a short amendment of the Companies Act (General), which provides for the incorporation of Mining Companies but gives no special directions as to the making of calls, which are therefore governed—as in the case of ordinary Trading Companies—by the companies' own articles, consequently there is no day specially set apart by law on which mining calls shall be payable. Nor does the Queensland law as to Mining Companies prescribe any particular way in which the increase of capital shall be made, and as it is directed that the amending Act which provides for such companies shall be read and construed with the principal Act (which corresponds with the English Act), the requirements of the latter will, *mutatis mutandis*, apply to the increase as well as to the reduction of capital. This may also be the case in Western Australia, but in none of the other States is *reduction of capital* apparently contemplated in their legislative enactments dealing with Mining Companies. (See Appendix.)

III.—FORFEITURE AND SALE OF SHARES.

NO LIABILITY MINING COMPANIES.

Our next point is the Forfeiture and Sale of Shares.

Taking No Liability Companies first, and basing our remarks on the Victorian law on the subject, as the No Liability System originated in that State (the slight differences in the other States being noted as we proceed), any share upon which a call shall remain unpaid at the expiration of 14 days after its due date becomes absolutely forfeited by operation of law without any resolution of directors, or other proceeding. In fact, forfeiture is automatic on default being made. It is further provided that forfeited shares shall be sold by auction, the date, place, and time of such sale to be duly advertised, but the necessary arrangements for the sale are left to the discretion of the board. Sales of forfeited shares may be postponed for 14 days, but no second postponement is allowable. If further postponement is desired the sale must be re-advertised, and if necessary may then be postponed again, only one postponement at a time being permitted. This process can apparently go on indefinitely. Any shares that have been forfeited may be redeemed, up to or on the day previous to the day of sale, by the person to whom they belonged paying all calls due thereon (there may be several) and all expenses incurred by the company in respect of such forfeiture; but though the shares are

thus redeemable, they are *dead* to all intents and purposes, as far as voting power goes, immediately upon forfeiture, and no vote can be given in respect of them until redemption has actually been made and the shares resuscitated. If, when the auction takes place, no sufficient bid be made, the Companies Act empowers the directors to buy the shares in for, and on behalf of, the company at a price not exceeding the amount of the calls due thereon; but shares so bought in must then be held in trust for the company, and can only be dealt with as the shareholders competent to vote may at a general meeting, or an extraordinary meeting called for the purpose, direct.

No person is entitled to vote at any meeting of the company in respect of such trust shares, which remain dead the same as forfeited shares, the only difference being that the rights of redemption with regard to them have been extinguished. Should a sale take place, the proceeds of such sale must be first applied to payment of unpaid calls, and then to recouping the company the cost of advertising, and any other expenses necessarily incurred in respect of the forfeiture; the balance if any, being paid to the shareholder on his delivering up the scrip.

In the States of New South Wales, South Australia, and Western Australia the mode of forfeiture and of dealing with the shares, up to the offering at auction and dealing with surpluses afterwards, is the same as in Victoria; but after that there is a marked difference. In none of these three States is there any need for the directors to protect the shares by buying in for the company. In New South Wales if the amount bid is not sufficient to cover all overdue calls and expenses, the directors may refuse to sell, and may afterwards sell the shares in such manner as they may see fit, subject, presumably, to the rights of the shareholders as to any surpluses in the usual

terms. But in South Australia and Western Australia, if no sale be made through there being no bid, or no bid sufficient to cover the unpaid calls and expenses, the shares revert to the company, and may be dealt with by the directors for the benefit of the company at their discretion. No special trust is created, as in Victoria, nor is reference to the shareholders necessary. In Tasmania the legal requirements as to forfeiture and sale of shares are on all fours with those in Victoria, except that the auction sale must be held within 21 days of the date of forfeiture.

In Queensland the term for payment of calls is 26 days, and if the call is unpaid at the expiration of that period after the date appointed for its payment, the shares become absolutely forfeited, and shall thereafter be sold by public auction and the surplus paid over to shareholders in the usual way. But there is no time fixed for the sale, nor is any power conferred on the directors enabling them to buy in the shares.

There is no provision in the Acts of any of these last five States for the postponement of the auction sale of forfeited shares, such being confined to Victoria.

Below is given an example of the Ledger Accounts of a company of 2,000 contributing shares of £1 each, where (*a*) 100 shares forfeited for non-payment of a threepenny call have been sold for ninepence per share; and (*b*) where, under similar circumstances, the same number of shares has been sold for twopence per share, or a loss of one penny on the calls besides the expenses. Under the heading of "Balance Sheets" the amount standing to debit of Forfeited Shares will be explained.

Example No. 1.—

Dr. CALL No 1. *Cr.*

		£ s d			£ s d
To Uncalled Capital	J.	25 0 0	By Cash	C.B.	23 15 0
			„ Forfeited Shares	J.	1 5 0
		£25 0 0			£25 0 0

Dr. FORFEITED SHARES. *Cr.*

		£ s d			£ s d
To Call No. 1 ..	J.	1 5 0	By Cash	C.B.	3 15 0
„ General Charges	J.	1 16 0			
„ Sundry Shareholders	J.	0 14 0			
		£3 15 0			£3 15 0

Dr. GENERAL CHARGES. *Cr.*

		£ s d			£ s d
To Auction Fee ..	C.B.	1 1 0	By Forfeited Shares	J.	1 16 0
„ Advertising ..	„	0 15 0			
		£1 16 0			£1 16 0

Dr. SUNDRY SHAREHOLDERS. *Cr.*

FOR SURPLUS OF SALES.

					£ s d
			By Forfeited Shares	J.	0 14 0

Example No. 2.—

Dr. CALL No. 1. *Cr.*

		£ s d			£ s d
To Uncalled Capital	J.	25 0 0	By Cash ..	C.B.	23 15 0
			" Forfeited Shares	J.	1 5 0
		£25 0 0			£25 0 0

Dr. FORFEITED SHARES. *Cr.*

		£ s d			£ s d
To Call No. 1 ..	J.	1 5 0	By Cash ..	C.B.	0 16 8
			" Balance ..	..	0 8 4
		£1 5 0			£1 5 0
To Balance ..	..	0 8 4			

Dr. GENERAL CHARGES. *Cr.*

		£ s d			£ s d
To Auction Fee	C.B.	1 1 0			
" Adver ising	"	0 15 0			

LIMITED MINING COMPANIES.

Having now discussed the question as it affects No Liability Companies, let us now turn to "Limited" Mining Companies, which are confined to the State of Victoria and Tasmania. It has already been mentioned that the companies are a sort of compromise between the No Liability System and the regular Trading (Joint Stock) Company, the points, as it were, conceded to the latter being as to the power to recover calls against shareholders. In this case the call is, in the first instance, deemed a debt from the shareholders to the company up to 14 days after its due date, and the company through its manager may sue for the recovery of the same, with interest and costs of suit, provided such proceedings are commenced before the expiration of 14 days from the due date. If, however, this period of 14 days is allowed to go by without action to recover being taken, forfeiture takes place, and all other proceedings are on exactly the same footing as in No Liability Companies. It is also provided that if judgment has been obtained against any shareholder for unpaid calls on an action instituted within the 14 days, and such judgment shall not be paid (or cannot be levied out of any property of the shareholders) within 14 days from the date of the judgment, the shares shall then also become forfeited. In this case, in the event of any subsequent sale by auction of the forfeited shares, all costs of proceedings and expenses incurred therein shall be deducted from any surplus in addition to the ordinary expenses of sale. Shares in "*Prepayment Companies*" (when they exist) follow the same rules as to forfeiture as No Liability Companies, but that

system is so cumbrous in the light of the present methods that it is practically a dead letter.

Limited Liability Mining Companies are also provided for by the Queensland Mining Companies Act, 1886, but only for the convenience of local registration in a Gold Fields Warden's Court or a District Mining Commissioner's Court, and the Act directs that such companies shall be governed by the provisions of the principal Act (Trading, 1863), so that there is no provision for forfeiture of shares such as in Trading Companies would be governed by the company's articles.

IV.—ACCOUNTS GENERALLY.

NO LIABILITY AND LIMITED LIABILITY COMPANIES.

In dealing with this branch of the subject, the general purpose of Australian Mining Law—to prevent the Mining Companies incurring heavy liabilities with little prospect of meeting them in case of non-success—has been kept in view.

The value of the uncalled capital as a pledgable asset being practically *nil* (in No Liability Companies absolutely so), anyone giving such a company credit to all intents and purposes joins in the speculation, consequently Personal Accounts in the ordinary trading sense may be disregarded, and Mine Bookkeeping considered as purely a system of Cost and Capital Accounts, somewhat analogous to those of a manufacturer pure and simple.

As in all such systems of costing, the object of such accounts should be to control the expenditure; but it is here—owing to the mine, as a rule, being at some distance from headquarters—that the peculiar difficulties in these accounts present themselves. The Mine Manager must be allowed to make payments—to a certain extent, at any rate—which can only come before the board for review after the money has been paid away. Still, the board should maintain the control of the

expenditure, and should meet fortnightly, as soon as may be convenient after the close of the mine fortnight, so that any criticisms on the mine expenditure may be made while the circumstances are fresh in mind.

A schedule of accounts for payment, including the Mine Pay Sheet, &c., should be prepared and submitted to the board, with the accounts themselves attached, and, when passed, signed by the chairman, and no payment should be allowed by the auditors unless it appears on such a schedule.

As has been indicated, the distance of the mine from head-quarters (the return journey usually involving the loss of two or three days at the least, and for companies working in, say, Western Australia, with their registered office in Victoria, 14 to 21 days through the post) requires that the Mine Manager be entrusted with a certain amount of authority to make payments in the company's name; but this should be restricted to the payment of wages and petty local expenses, and it can most effectively be controlled by the adoption of the Imprest System (as described later on). All other expenditure—Plant, Machinery, Mining Equipment, Explosives, Chemicals, Mine Timber, and General Stores (where required in large quantities)—should be purchased through the office, under the direct authority of the board.

As a rule, bookkeeping is not a strong point with Mining Managers, who are—as they should be—generally selected for their special qualifications for directing mining operations and getting the best work possible out of their men; therefore, unless they are provided with efficient clerical assistance, the accounts they should be called on to keep should be of the simplest possible nature—a Wages Book, a Stores Book, and a Mine or Cost Ledger being all that should be required of them.

The *Wages Book*, or Mine Pay Sheet, should show the different classes of work, how each man is employed, the number of shifts worked, the rate of wages, and the fortnightly total. For convenience, amounts paid for local expenditure should be added at the foot, and vouchers attached. This book should be in duplicate, perforated down the middle of the sheet, and each man's receipt signed opposite his name on the outer half, which, when complete, is torn out and forwarded to headquarters as a voucher, while the counterfoil remains in the book as a complete record of the fortnight's work. This is better than the stub being merely a brief summary; it certainly covers more paper, but the extra labour is insignificant, and the writers (who have had experience in both styles) have found that the form recommended is preferred wherever adopted, although it is by no means so generally used as it might be. No totals are carried forward, each fortnight has an opening to itself and is complete of itself. In addition to the Form 1, described above, a second form (2) is also appended, which is much used for Departmental Accounts, such as the sub-heads as in No. 1.

No. 1.— THE GRAND GOLD AND TIN MINING COMPANY (NO LIABILITY).

MINE PAY SHEET **No. 38,** for Fortnight ending 28th Feb. 1901.

Name	Occupation	Where Working	Total Yards	Total Tonnage	Total No. of Shifts	Rate per Yard, Ton, or Shift	Amount	Accident Insurance Deduction	Cheque No.	Remarks
							£ s d	£ s d		
MANAGEMENT	..	..	..	..	..	..	24 8 0	0 6 1		
TRAMWAY ACCOUNT ..	..	..	..	..	..	..	30 0 0	0 7 6		
BRIDGE	..	..	..	..	..	..	26 12 6	0 6 6		
MINE DEVELOPMENT ..	..	..	..	..	..	..	39 13 6	0 9 11		
STOPING	..	..	..	..	..	..	74 13 4	0 18 8		
BATTERY	..	..	..	..	..	..	29 10 0	0 7 4		
ENGINE HOUSE.. ..	..	..	..	..	..	..	23 13 4	0 5 11		
							£248 10 8	£3 1 11		
		L·s: ACCIDENT INSURANCE					3 1 11			
GENERAL EXPENSES (as per Vouchers forwarded to Office):—							245 8 9			
		FREIGHT—Vict. Rail					3 2 0			
		HORSEFEED—Chaffers & Co.					10 15 0			
		FIREWOOD—Ercole Fieri					15 0 0			
		MINE TIMBER—Splitters Camp					30 0 0			
		STAMPS, TELEGRAMS, AND PETTIES					0 15 6			
							£305 1 3			

NOTE.—Accident Insurance is, as in this case, usually arranged by the company, who takes out an open policy with the insurance company. 3d. in the £ is deducted from each man's pay and paid over to the insurance company periodically. In the books the full amount is debited to each heading without reference to this deduction.

PERFORATION

No. 1 (*continued*)— THE GRAND GOLD AND TIN MINING COMPANY (NO LIABILITY).

MINE PAY SHEET **No. 38**, for Fortnight ending 28th Feb. 1901.

Name	Occupation	Where Working	Total Yards	Total Tonnage	Total No. of Shifts	Rate per Yard, Ton, or Shift	Amount	Accident Insurance Deduction	Net Payment	Cheque No.	Received Payment
							£ s d	£ s d	£ s d		
MANAGEMENT	..	..	..	..	..	..	24 8 0	0 6 1	24 1 11		
TRAMWAY ACCOUNT ..	..	..	..	..	..	..	30 0 0	0 7 6	29 12 6		
BRIDGE	..	..	..	..	..	..	26 12 6	0 6 6	26 6 0		
MINE DEVELOPMENT ..	..	..	..	..	..	..	39 13 6	0 9 11	39 3 7		
STOPING	..	..	..	..	..	..	74 13 4	0 18 8	73 14 8		
BATTERY	..	..	..	..	..	..	29 10 0	0 7 4	29 2 8		
ENGINE HOUSE.. ..	..	..	..	..	..	..	23 13 4	0 5 11	23 7 5		
							£248 10 8	£3 1 11	245 8 9		
GENERAL EXPENSES (as per Vouchers attached) :—			FREIGHT—Vict. Rail						3 2 0		
			HORSEFEED—Chaffers & Co.						10 15 0		
			FIREWOOD—Ercole Fieri						15 0 0		
			MINE TIMBER—Splitters Camp						30 0 0		
			STAMPS, TELEGRAMS, AND PETTIES						0 15 6		A. A.
									£305 1 3		

GRAND MINE,
28th February 1901.

F. HALL,
Mine Manager.

No. 2.—

WAGES SHEET,

Fortnight ending........19....

Name	Occupation	No. of Shifts	Rate	Amount
				£ s d

WAGES SHEET

For Fortnight ending......................19.....

Name	Occupation	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	No. of Shifts	Rate	Amount	Cheque No.	Received Payment
																		£ s d		

The *Stores Book* should show the quantity of stores received and issued, being debited with the cost, as per invoice, with carriage added, and credited as stores are issued for each particular work. It is hardly to be expected that this book will absolutely balance with the stock on hand; but it should be approximately correct, both as to quantities and values, and this system is applicable to the smallest or largest company.

The Mine Ledger should have an opening for each different work or class of work—Sinking, Driving, Surface Works, Plant, Battery, Milling, Chlorinating, Cyaniding, Dams and Water Supply, Stoping, or Winning, &c.—also for General Wages, Sundry Expenses, Stores, Explosives, Timber, Cartage, Fuel, Horsefeed, &c. In this Ledger—or in a separate book, if preferred—the Mine Produce (Gold, Ore, &c.) may be recorded; but as realisations will be effected through the office the values will not appear, and perhaps the better plan is to have a special book recording the quantity of stone treated, the metallic products obtained, and their assay value, also the quantity of gold sent to the bank or mint for sale, or the quantity of ore despatched to smelting company and its assay value. This Ledger is posted from the fortnightly totals of the Wages and Stores Books, and, theoretically, should only have accounts opened in it for the different actual works carried out; but there are always items of expenditure difficult to allocate, and so the headings for Stores, Explosives, &c., will find their way into it, but care should be taken that they are not too freely availed of, otherwise the information contained under the special headings will be of little use. Abstracts of this Ledger should be forwarded to headquarters periodically, and there compared with the office books.

Though it has, perhaps, taken up a considerable amount of space to describe this system, in practice it will be found very

simple and of great assistance to the Mine Manager in keeping him posted up in the cost of his work, and affording him data on which to base estimates of future expenditure; while the directors will have before them, in the periodical abstracts of the Mine Ledger, a concise summary of the cost of working to date.

The foregoing accounts, it is found by experience, are quite as much as the Mine Manager should be called on to keep, and by the adoption of the Imprest System for mine payments the trouble of keeping a Cash Book at the mine is obviated. Under this system a Credit Account for a fixed definite amount is opened at the bank in the name of the company, under the control of the board, upon which the Mine Manager is authorised to operate, and each fortnight, as the Mine Manager sends in his Pay Sheet and vouchers, the same is laid before the board and passed for payment, whereupon a cheque is drawn on the company's General Account for the exact amount of such payments, and paid in to the credit of "Mine Imprest" (Banking Account), which would then be restored to its original amount, no recoup being made for any mine payment unless and until a receipted voucher for such payment has been received. All payments at the mine are made by cheques payable to number, and the number of each cheque is entered in the Mine Pay Sheet opposite its amount, so that the Bank Pass Book can be readily checked, outstandings estimated, and the balance verified. By this means unauthorised payments can be promptly detected and extravagance checked, as on no account should an overdraft be allowed. It also simplifies the audit of the accounts.

The accounts kept at headquarters should be such as to fully and effectively record the progress and position of the company, and to this end a Cash Book, Journal, and Ledger are required.

The *Cash Book* need only be of a simple form. In the ordinary course a Mining Company's income is derived from Calls, and Sale of Gold, &c., or Advances on Gold, Metals, &c., by the banks or smelting companies. As calls form the more numerous entries, for which a single monthly posting in total in the Ledger is sufficient, a special column should be set apart for them (that ruled for Discount in ordinary mercantile Cash Books serves the purpose), and the total calls for the month carried into the Cash column at the end of the month. The other items, not being numerous, may be posted direct and further tabulation avoided. On the *contra* side the entries are not usually many or varied. There will be the fortnightly mine cheque (to recoup Imprest Account), payments for such mine requirements (Plant, &c.) as may be bought through the office, and the ordinary management charges—Directors' Fees, Dividends, &c. None of these accounts are usually frequent enough to require tabulation, and Cash and Bank columns are sufficient. When dividends are paid a separate cheque should be drawn on the General Account, and a separate Bank Account opened, on which special cheques are drawn. Individual dividends should not be paid through the General Bank Account.

The chief use of the *Journal* is as a posting medium for the Mine Accounts, by which the Imprest Account is adjusted in the Ledger, the different heads of expenditure being debited, and Imprest Account credited, with the figures of the fortnightly Mine Pay Sheet and vouchers (corresponding with the cheque drawn to recoup that account). Adjustments of accounts for sale of gold or metals which do not lend themselves to direct entry through the Cash Book, accounts affecting Capital, Forfeited Shares, &c., Closing Entries, and such other adjusting entries.

No special comment about the *Ledger* is necessary, as it follows the ordinary every-day form.

To close this branch of the subject, it may be said that under the system in vogue—with a practically non-existent capital—the ordinary rules as to Depreciation do not apply. The working plant is kept up out of current income, and Depreciation, as a means of assessing the value of plant as an asset evidencing existing capital, is not of the necessity it is in Trading Companies, though its use in Mining Companies is not uncommon. Further, it may be pointed out that mining machinery, once fixed, is like any other permanently fixed plant, its value being then mainly derived from the fact of its forming part of a going concern, and when the concern ceases to go, for that very reason, is apt to come down perilously near to "break up" value. This in a mining plant—more often than not in an awkward out-of-the-way place—is small indeed, as every-day experience proves. Like Depreciation, Reserve Funds are, as a rule, conspicuous by their absence, the general policy being to share the profits as they come. Mining, as a rule, is regarded as a speculation rather than an investment, and the usual expectation is that the returns should repay capital cost and interest within, say, three years; anything after that is profit, and as mining at the best is a wasting business its permanency as a capital investment is scarcely ever taken into account. The different methods adopted for dealing with the cost of development, management, &c., and also of balances standing at Profit and Loss are more particularly set forth under heading of "Balance Sheets and Revenue Accounts," and the specimen statements of account there appended.

It might be here mentioned that, apart from the regular provisions as to the priority of wages in case of winding-up (*q.v.*), in South Australia it is specially provided that "the directors of a No Liability Company jointly and severally shall be personally liable for the payment of wages for not exceeding four weeks owing by the company." (See Appendix.)

V.—ACCOUNTS CONTINUED.

TREATMENT, SALES AND REALISATION OF MINE PRODUCTS, &c.

In dealing with the sale and realisation of mine produce, it must be borne in mind that the precious metals, which are the stimulating cause of the miner's quest, are found in all sorts of combinations with the baser metals and minerals, and in almost every mine of magnitude the ore presents some peculiar features of its own, so that the services of the skilled chemist have to be requisitioned to solve the riddle of its composition, and to advise on the most effective mode of treatment.

In alluvial mines in well-known districts, where the gold is free and of a uniform character, the banks will often buy the dust outright, and sometimes also will do so in the case of retorted gold from quartz mines of recognised repute; but it is more usual for them to make advances on account, and afterwards adjust accounts when the gold has been melted down and refined in their own Assay Departments, or by the Mint for them. Gold, of course, is often sent to the Mint direct, but this means a wait of some ten days before proceeds are available, hence the general preference for dealing through the

banks. In a case of this nature, the accounts required are of a simple character. The Machines, Sluice Boxes, Battery, or Tables, as the case may be, are kept locked or otherwise guarded to prevent, if possible, illicit interference with their contents, and when the regular "clean up" takes place the gold or amalgam is taken out by the Mine Manager, usually in the presence of a director or other responsible person, and recorded in a special book kept for the purpose, which also shows the quantity of wash-dirt or stone put through, so that the average yield per ton may be ascertained. All that then remains is to send the gold to the bank and get the proceeds in due course. Here the cost of treatment is mainly wages, and a separate heading in the Pay Sheet affords the information required. Water is, of course, a necessity, and where expense has to be incurred to get it, it would show in the same way, but usually that pumped out of the mine is saved in a dam, and so extra expense in this direction avoided. On the other hand, where the stone is refractory, being charged with pyrites, or alien minerals or metals, a more elaborate process is necessary. Very often the simple expedient is adopted of crushing in the ordinary way and sending the free gold to the bank, the pyrites being saved and sold to pyrites works or smelting companies on assay. In smaller companies, more particularly those who get their stone crushed at public batteries, or those the scope of whose operations does not justify it, this is perhaps the best course; but where the operations are fairly large, it is generally found more economical for the company to undertake the complete treatment of the stone itself. The processes and modifications of processes by which this is done—Calcination, Chlorination, Cyaniding, &c.—are numerous and varied; but of whatever nature it may be, the object of the accounts must be to record not only the results achieved, but how they are arrived at. In a general way the returns should show the quantity of stone

treated, its average assay value, any losses in treatment, the gold obtained, and the expenses of treatment.

In any case, where gold is the object of mining operations, whatever process is adopted, a cake of gold will be the final result, and there is never any difficulty in selling or financing against this commodity on the spot.

Where, however, metalliferous ores are the object of the mining, the modes of treating are on a somewhat different footing. Gold (in whatever form) once it can be handled is always practically available cash, but all other metals are little better than mercantile commodities, whose values vary from day to day in sympathy with London quotations, in addition to which the Smelting, Refining, and other Plant and Machinery required are more elaborate; specially skilled labour is needed for proper working, and the expenses of maintenance and upkeep are greater. Therefore companies formed for this class of mining require a larger and more stable capital than the No Liability System conduces to, and are usually registered with limited liability, many of the larger companies being incorporated under the English law.

Still, the general system of accounts dealing with mine produce, whatever the capital basis of the company may be, must follow the same general lines. They must pursue the ore through the different processes; show its assay value to begin with; the losses of metallic contents in course of treatment by washing, evaporation, vaporisation, wasting, &c.; and all the attendant expenses—Fuel, Fluxes, Chemicals, Stores, Appliances, &c., all in themselves important items, in dealing with which extravagance and waste by careless handling very easily creep in, so that to check it a good system of accounts is

necessary. In this respect labour is an important item. Owing to the complex nature of most metalliferous ores, the closest supervision over the different branches of treatment is an absolute necessity, as careless blending of ores and fluxes in the smelting charges may cause the slags to carry off a large percentage of the metals, or unskilled management of the heat may send them off in fumes. Therefore a fairly free hand has to be given to the head smelter in the employment of his men. But, perhaps for that very reason, these accounts should go into close detail, so that any undue lavishness in this direction may promptly be made apparent. It goes without saying that the head smelter should be thoroughly competent, for the essence of success in work of this nature is effective supervision, and an incompetent man is an element of danger in this respect. High-class skill is even of more importance in the smelting house nowadays than in the mine, as the results of perhaps months of hard and intelligent work in opening up and bringing the ore to grass may be thrown away by a week's bad smelting. Therefore it pays to give good men good salaries. The writers have in view more than one mining venture that lost its place on the list because the directors would not pay the salaries asked by good men, and thought they could get along just as well with low priced men. The so-called "practical man" is more often than not a delusion and a snare. However that may be, and whoever may be in charge of the smelting house, he should understand that it is his duty to furnish the office, weekly or fortnightly, with full and explicit returns, showing the work done and its results—the latter, of course, can only be an approximation, but it can usually be made near enough for all practical purposes. These returns will naturally vary as to details according to local conditions, and perhaps personal idiosyncracies, and their form will generally be decided on after consultation with the head smelter; but they must always

follow the same general lines—viz., gross quantity of ore treated, losses in course of treatment, cost of treatment, and approximate yield of metal, &c. This necessarily calls for a clerical staff at the mine, as smelting can only be carried on economically where large quantities of ore can be handled and a continuous run of the smelters ensured, and the head smelter's time is therefore too valuable to be taken up by petty details of accounts.

SMELTER SHED SHEET for Week ending.....................190 .

Description	Particulars of Ore handled				Average Assay value		Metallic Products					
	Quantity on hand last week brought forward from last Return	Quantity received during current week	Quantity now left on hand	Quantity Furnaced during week			Net return obtainable according to assay value from quantity furnaced		Total Product as nearly as can be computed		Gain or *Loss (in red)* on Assay value	
					Silver	Lead	Silver	Lead	Silver	Lead	Silver	Lead
	T. C. Q. lb.	T. C. Q. lb.	T. C. Q. lb.	T. C. Q. lb.	Oz. per ton	Per cent.	Oz.	T. C. Q. lb.	Oz.	T. C. Q. lb.	Oz.	T. C. Q. lb.

Costs of Treatment																		
Fuel consumed		Fluxes used				Stores and other Requisites (insert details)			Labour employed		Management Expenses		Total Cost	Cost per ton of Ore furnaced	Total Value of Products	Assays of Slags		Remarks
		Limestone		Ironstone														
Quantity	Cost	Quantity	Cost	Quantity	Cost	Particulars	Quantity	Cost	Total No. of Shifts	Cost	Salaries	Charges				Silver	Lead	
T. C. Q. lb.	£ s d	T. C. Q. lb.	£ s d	T C. Q. lb.	£ s d		T. C. Q. lb.	£ s d		£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	Oz. per ton	Per cent.	

Smelting Works. ....

...........................190 . *Head Smelter.* *General Manager.*

Note.—The above Form was designed for and used by a Silver Lead Mining Company, but it can be adapted for any other class of work of a similar nature, the headings being varied as occasion requires The essential features must, however, remain the same, viz., Quantity of Ore handled, Values, Costs, and Final Return. Some Companies have separate sheets to show Ore treated, Costs, &c., but the principle is the same. It goes without saying that Subsidiary Accounts will have to be kept in the Smelting House, but their form, &c., will follow the lines of above return. It is more usual to reckon the weights of Ore, Fuel, Fluxes, &c., by the Short Ton (2,000 lbs.), broken quantities being shown simply in Lbs., but for the sake of clearness the ordinary avoirdupois headings have been given.

The next point to be considered is the despatch from the mine of the metals produced, usually in bars or ingots; but as this will be done under special arrangements with the railways or carriers, no special comment is necessary, except that nothing should be allowed to leave the works until it is signed for. Where a carrier is employed, whether for long or short journeys, he should be supplied with Despatch Notes in duplicate, describing his load; one of which he hands to the railway or ship, obtaining the railway or ship's receipt on the other. Payments to carrier should never be made, except on return of such receipted Despatch Notes, as they will perhaps be the only reliable means of checking the Returns of Metal Despatched and of tracing parcels that may have gone astray.

When the mine produce will have got this far, its disposal will be in the hands of the office, who will make the necessary arrangements for shipment to London or elsewhere, and the further dealing with it will be on similar lines to any other Colonial produce. Bills of Lading will be obtained, insurance effected (usually under open policies), and the shipment negotiated against through the banks or large financial houses in accordance with the directors' arrangements.

The necessary entries in the company's books follow the usual routine of Outward Consignments, an account being opened to credit of "Metal Account" (at current values), and "Metals *in Transitu*" debited; while for the advances drawn against same "Bills Negotiated" against "Shipments" will be credited through the Cash Book and retained as a liability until proceeds are received, when the "Bills Account" would be debited for bills against shipments settled for, and "Metals *in Transitu*" credited for the same amount, and further credited with any surplus, or debited with any deficiency on the advance taken against the shipment, as the case may be. At the close of each

financial period "*Metals in Transitu*" Account is adjusted by any necessary transfers to "Metals" Account, so that the first-named account is then made to represent the value of shipments actually afloat or pending settlement, while the results of the company's metal transactions is focussed into Metals Account, which in effect serves the purpose of the ordinary business man's Trading Account.

The Bills Negotiated Account is also thus kept at the net amount of the contingent liability for bills current, and, when the Balance Sheet is made out, the asset for "*Metals in Transitu*" is shown at its actual amount, less advances against same (Bills Negotiated), as a detail, and the margin between the two extended as an asset, or, *per contra*, as a liability if a fall in value has taken place.

The following supposititious Ledger Accounts sufficiently show the working of these main accounts, while the Journal entries given (to which two Cash Book entries are added to help the illustration) are copies from a set of books now extant, and explain themselves.

LEDGER.

COPPER IN TRANSITU ACCOUNT.

				£	s	d					£	s	d
Jan.	1	To Copper (A.)	J 2	60	0	0	Feb. 24	By Bills	J. 3	50	0	0
Feb.	1	,, do. (B.)	J 2	60	0	0	,,	,, Cash (A.)	C.B. 2	9	0	0
Mar.	1	,, do. (C.)	J 2	60	0	0	,,	,, Copper (Loss)	J. 3	1	0	0

COPPER ACCOUNT

			£	s	d				£	s	d
Feb. 24	To Copper in Transitu ..	J. 3	1	0	0	Jan. 1	By Copper in Transitu ..	J. 2	60	0	0
						Feb. 1	" do. do. ..	J. 2	60	0	0
						Mar. 1	" do. do. ..	J. 2	60	0	0

BILLS AGAINST SHIPMENTS.

			£	s	d				£	s	d
Feb. 24	To Copper in Transitu (A.) ..	J. 3	50	0	0	Jan. 3	By Cash	C.B. 1	50	0	0
						Feb. 4	" do.	C.B. 2	50	0	0
						Mar. 5	" do.	C.B. 4	50	0	0

JOURNAL.

I.

		£	s	d	£	s	d
1884 Oct. 15	Cash .. .. *Dr.*	2,000	0	0			
	To Bills Negotiated	..			2,000	0	0
	Ore Shipments .. .. *Dr.*	2,000	0	0			
	To Ore	..			2,000	0	0
1885 Mar. 23	Ore Shipments .. .. *Dr.*	325	7	6			
	X.Y.Z. & Co. Account Sales 21/3/85 ..						
	For Net Profit Ore Shipped £2,340 3 5						
	Less Bill Negotiated 15/10/85 £2,000 0 0						
	Interest 14 15 11						
	——2,014 15 11						
	Bills Negotiated	2,000	0	0			
	Interest Account (on Bills matured before proceeds available)	14	15	11			
	To Ore Shipments	..			2,340	3	5
	Note.—Ore Shipment thus shows a Surplus of £340 3s. 5d.						

II.

		£	s	d	£	s	d
1886 May 15	Cash .. .. *Dr.*	2,300	0	0			
	To Bills Negotiated	..			2,300	0	0
	Silver Shipments .. .. .. *Dr.*	2,295	1	6			
	To Smelter Ore Account	..			2,295	1	6
	11,637 ozs. per "Sutlej" @ 3s. 11⅜d.						
July 20	X.Y.Z. & Co. (for Surplus) .. .. *Dr.*	20	11	5			
	Bills Negotiated	2,300	0	0			
	London Expenses	39	10	8			
	To Silver Shipments	..			2,350	13	1
	,, Interest Account (on unmatured B.)	..			9	9	0
	As per Account Sales.						

Needless to say that, on the conditions above mentioned, only the larger mines can afford to do their own smelting; while, on the other hand, the others find little or no difficulty in selling their ores to local smelting companies. In this case the selling is done on assay value. The ore is sampled on the mine, or at some other convenient place where samples are drawn, the buyer and seller dividing the samples between them (the same being evenly mixed before division), and each party has his own assay made independently. Each smelting company has its own method of adjusting differences between its own and the seller's assays, as well as its different manner of quoting prices. Some publish tariffs for their purchase of ores, according to quality, on a sliding scale of charges and deductions for losses in smelting, moisture, sampling, draft, &c., and for the presence of alien metals or minerals, as well as for the absence of others necessary to form a proper smelting combination. Other companies do not state the nature of their deductions, merely quoting a price per ton for the ore on the agreed assays, and leaving it to the seller to make his own calculations in this respect. Payment is generally made in prompt cash on settlement. In this case the book entries need only be very simple—an entry through the Cash Book for ore sold will do—but where the quantity dealt with is large, or extends over a period, it is an advantage for statistical purposes to record the full particulars of the handling of the ore—viz., Gross Values, Smelting Charges, and other deductions and expenses, for which accounts are opened separately in the General Ledger.

The following form has proved its usefulness in actual practice, and is self-explanatory.

THE STERLING SILVE[R]

ORE ACCOUNT for Hal[f]

Sold to	Date	Weights							Assays		Approximate Metallic Contents of Net Weight	
		Mine Weight as per Cartage Accounts	Receiving Weight	Tare	Net	Moisture Deductions		Actual Weight Paid for	Accept'd			
									Silver	Lead	Silver	Lead
	1888	T C Q L	T C Q L	T C Q L	T C Q L	Per cent	T C Q L	T C Q L	Oz. per Ton	Per cent	Oz.	T C Q L
The A.B. Smelting and Refining Co.	July 13	60 0 0 0	..	..	..	..	..	..	..	..	..	..
	16	..	47 14 0 17	8 2 21	47 5 1 24	2	18 3 18	46 6 2 6	42	62	1,985	29 6 1 0
	20	..	..	..	..	..	..	..	..	..	..	..
	27	48 0 0 0	..	..	..	..	..	..	..	..	..	..
	24	..	29 15 1 19	7 0 1	29 8 1 18	2	11 3 3	28 16 2 25	39	60	1,147	17 13 0 0
	Aug. 1	..	..	..	..	..	..	..	..	..	..	..
	3	..	33 19 2 7	7 2 1	33 12 0 6	2	13 1 22	32 18 2 12	31	60	1,041	20 3 1 0
	7	..	23 16 0 12	4 0 12	23 12 0 0	2	9 1 22	23 2 2 6	41	60	967	14 3 0 0
	11	48 0 0 0	..	..	..	..	..	..	..	..	..	..
	15	..	23 14 1 9	4 2 2	23 9 3 7	2	9 1 17	23 0 1 18	38	65	893	15 5 2 0
	22	..	23 18 1 11	5 2 26	23 12 2 13	2	9 1 23	23 3 0 18	38	63	898	14 17 3 0
	24	48 0 0 0	..	..	..	..	..	..	..	..	..	..
	Sept. 1	..	..	..	..	..	..	..	..	..	..	..
	3	..	23 13 1 8	4 3 5	23 8 2 3	2	9 1 14	22 19 0 17	40	61	937	14 5 3 0
	6	48 0 0 0	..	..	..	..	..	..	..	..	..	..
E. & A. C. Co.	5	..	24 1 1 22	3 3 10	23 17 2 12	1	4 3 2	23 12 3 10	37½	63½	895	15 3 1 0
	21	..	23 19 0 17	3 3 20	23 15 0 25	1	4 3 0	23 10 1 25	41$\frac{3}{20}$	64½	975	15 6 2 0
The A.B. Smelting and Refining Co.	17	..	23 12 0 9	3 0 21	23 8 3 16	2	9 1 16	22 19 2 0	37	63	867	14 15 2 0
	21	48 0 0 0	..	..	..	..	..	..	..	..	..	..
	24	..	23 9 2 23	3 3 5	23 5 3 18	2	9 1 8	22 16 2 10	42	64	978	14 18 1 0
	Oct. 4	..	23 11 1 10	3 3 21	23 7 1 17	2	9 1 11	22 18 0 6	40	62	934	14 9 2 0
	5	48 0 0 0	..	..	..	..	..	..	..	..	..	..
	15	..	23 13 1 18	3 1 13	23 10 0 5	2	18 3 7	46 1 2 20	44	66	2,069	31 0 3 0
	18	..	23 13 3 2	3 1 8	23 10 1 22							
	19	36 0 0 0	..	..	..	..	..	..	..	..	..	..
	29	..	23 10 1 0	3 1 11	23 6 3 17	2	9 1 10	22 17 2 6	38	67	887	15 12 3 0
	31	..	..	..	..	..	..	..	..	..	..	..
	Nov. 2	36 0 0 0	..	..	..	..	..	..	..	..	..	..
	9	..	23 14 1 17	4 1 14	23 10 0 3	2	9 1 18	23 0 2 13	38	68	893	15 19 2 0
	15	24 0 0 0	..	..	..	..	..	..	..	..	..	..
	19	..	23 18 1 20	3 0 14	23 15 1 6	2	9 2 1	23 5 3 5	34	69	807	16 7 3 0
	30	36 0 0 0	..	..	..	..	..	..	..	..	..	..
	Dec. 4	..	29 10 0 21	3 3 10	29 6 1 11	2	11 2 26	28 14 2 13	41	69	1,200	20 4 2 0
	12	..	..	..	..	..	..	..	..	..	..	..
	14	36 0 0 0	..	..	..	..	..	..	..	..	..	..
	15	..	23 12 0 7	3 1 9	23 8 2 26	2	9 1 14	22 19 1 12	40	66	937	15 9 1 0
	28	..	30 2 1 4	3 3 21	29 18 1 11	2	11 3 25	29 6 1 7	35	67	1,047	20 1 0 0
	Totals..	516 0 0 0	526 19 3 1	4 9 2 21	522 10 0 8		9 19 2 5	512 10 2 5			20,357	335 3 0 0

AVERAGE ASSAY VALUE OF ORE SOLD DURING HALF-YEAR—Silver 39 oz. per ton; Lead, 64 per cent.

INING COMPANY, LIMITED.

ar ending 31st December 1888.

Allowances	Values and Costs of Realisation — Staple Prices: Silver per oz.	Staple Prices: Lead per ton	Price Paid for Ore per ton (*actual*)	Total Proceeds of Ore	Smelting Charges	Rail Freight	Agency (*a*) and Cartage of Ore (*c*)	Sampling and Assaying	Bank Exchange on Cheques	Proceeds Paid by Smelting Company
	s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
Lead, 15 per cent.							*c* 22 10 0			
	3 $6\frac{1}{4}$	9 5 0	10 10 $1\frac{3}{4}$	486 15 4	115 16 5	61 0 0	..	2 17 3	..	309 18 11
							..	..	0 9 0	
							c 18 0 0			
	3 6	10 2 0	10 0 $3\frac{1}{4}$	292 8 1	72 1 10	38 2 6	..	1 19 3	..	182 3 9
							a 16 2 8			
	3 6	10 0 0	8 16 6	292 4 1	82 6 7 }	76 5 0	{ ..	2 3 6	..	} 317 8 5
	3 6	10 0 0	10 9 0	241 12 4	57 16 5 }		{ ..	1 13 6	..	
							c 18 0 0			
	3 $6\frac{3}{16}$	11 7 0	11 7 6	261 18 2	57 11 0	30 10 0	..	1 13 6	..	173 17 2
	3 6	10 0 0	10 4 5	236 12 7	57 17 11	30 10 0	..	1 13 6	0 7 6	148 4 8
							c 18 15 0			
							a 5 12 3			
	3 $8\frac{3}{16}$	11 7 0	11 5 11	259 4 6	57 7 11	30 12 0	..	1 13 3	..	171 4 7
							c 18 0 0			
Not	Stated	Not Stated }	11 6 $11\frac{1}{2}$	268 5 7 }	117 18 3	62 0 0	{ ..	1 13 9 }	0 18 6	} 368 8 0
			11 18 1	280 0 8 }			{ ..	1 13 9 }		
Lead, 15 per cent.	3 $8\frac{3}{16}$	11 7 0	10 19 $4\frac{1}{2}$	252 0 4	57 8 9	30 12 0	..	1 13 3	..	163 19 7
							c 18 0 0			
	3 $8\frac{3}{16}$	11 7 0	12 0 $1\frac{1}{2}$	274 1 3	57 1 6	30 12 0	..	1 13 3	..	186 7 9
	3 $7\frac{1}{8}$	11 7 0	11 5 2	257 16 7	57 5 2	30 13 3	..	1 13 3	..	169 18 2
							c 18 0 0			
	3 7	11 5 0	12 7 $4\frac{1}{2}$	569 17 7	115 4 2	61 6 7	..	{ 1 13 6 } { 1 13 6 }	..	393 6 10
							c 13 10 0			
	3 $7\frac{1}{16}$	10 4 0	10 17 $3\frac{3}{4}$	248 11 0	57 3 11	30 16 2	..	1 13 3	..	160 10 11
							a 13 1 6			
							c 13 10 0			
	3 $7\frac{1}{16}$	10 4 0	10 19 3	252 8 7	57 11 7	30 16 2	..	1 13 6	..	164 0 10
							c 9 0 0			
	3 $7\frac{1}{16}$	10 4 0	10 10 $7\frac{1}{2}$	245 5 1	58 4 5	30 16 2	..	1 13 9	..	156 4 6
							c 13 10 0			
	3 $6\frac{9}{16}$	9 7 0	11 1 6	318 2 10	71 16 7	38 13 10	..	1 19 3	..	207 12 5
							a 0 13 6			
							c 13 10 0			
	3 $6\frac{1}{2}$	9 15 0	10 16 2	248 5 1	57 8 5 }	69 10 1	{ ..	1 13 3	..	} 347 3 8
	3 $6\frac{1}{2}$	9 15 0	10 4 0	299 2 11	73 5 10 }		{ ..	1 19 9	..	
		Average	10 17 11	5,584 12 7	1,281 6 8	682 15 9	229 14 11	36 0 9	1 15 0	3,620 10 2

Less Cartage, Assaying, Sampling and Exchange..	267 10 8
Net Proceeds of Ore Sold for Half-Year	£3,352 19 6
Average Net Return per Net Ton for Half-Year..	£6 8 4

J. Smith, *Secretary*.

It must be understood that it is always more or less necessary to "dress" the ore before sending it away—especially so when it is of low grade—the principal means adopted being concentration by means of jigs, pans, and other mechanical appliances, by which the metalliferous ores are separated from the barren stone or gangue. By this means the bulk of the stuff to be handled is reduced usually to one-fourth or one-sixth of the gross quantity of stone mined, and a saving in the cost of carriage, handling, and smelting is thus effected.

Even mines having their own smelters find concentration of the poorer ores advantageous, as it enables the furnaces to be more economically worked by being run with material of a high metallic percentage, and the wasteful production of slags avoided. The costs of concentration and dressing should always be kept separate from the ordinary mining expenditure, and, even where the company does its own smelting, should be kept apart from the other accounts.

STERLING SILVER MINING COMPANY, LIMITED.

ORE REPORT for week ending..................190

FIRSTS.			SECONDS			CONCENTRATES.			Total Firsts and Concentrates on hand	REMARKS.
Raised Tons	Des-patched Tons	On hand Tons	Raised Tons	Jigged Tons	On hand Tons	From Jigger Tons	Des-patched Tons	On hand Tons		

MINE REPORT for week ending......................190

Name of Working	Mine Manager's Report.

Estimated Amount required for next Pay £ : :

THACKARINGA, N.S.W.,

............................190....

............................General Manager.

From the foregoing it will be seen that the accounts of metalliferous mines are apt to become somewhat involved, more particularly where the work is much sub-divided, and it is often desirable, therefore, that each department should have its own separate Pay Sheet, the different Pay Sheets being summarised in the Chief Manager's General Mine Pay Sheet.

The accounts of Coal Mining Companies vary only in degree from the latter class of companies, the main differences being in the headings of expenditure, owing to the technical terms used and the mode of payment of labour for winning coal, which is based on the quantity raised. It is, in fact, a form of "Tributing." All other labour is paid as wages at per hour, day, or per shift, as in other mines. Coal, like the baser metals, once it leaves the mine is simply a commercial commodity, and has to be handled as such, hence the principal books of account will follow ordinary mercantile lines. The capital outlay required for coal mining is also greater than the No Liability System will ensure, and though several companies after a protracted struggle survived the difficulties of that system, the principal coal companies of Australia are registered as Trading Companies, and their accounts kept as such.

Tributing, as a means of opening up and developing different mines, has played a large part in extending the mining industry, and though at present somewhat under a cloud owing to legislative interference, will probably again become an important factor in this respect. As already indicated, it is largely in vogue in coal mining. Necessarily the terms of Tribute agreements will vary according to local conditions, but generally they are that the Tributors find their own tools, explosives, materials, and timber, and have to maintain their shafts and drives in good order, securely timbered and free from mullock, a minimum amount of work per week, &c., being prescribed, while the

company provides mine equipment, haulage, &c. Terms of payment vary; at times the Tributors take the gold or metals, and pay the company a royalty, or the company handles the products itself and pays over to the Tributors their percentage. The company generally supplies the Tributors with their stores, explosives, &c., at cost, as it is usually able to obtain them on better terms, and it will often make advances against work in progress, so that a certain amount of exactitude in these accounts is necessary; but for all that, the method of keeping them does not differ materially from Mercantile Joint Accounts. It might be added that, unless specially provided for, it is, as a rule, a breach of agreement for Tributors to register a company to work a Tribute.

VI.—BALANCE SHEETS, REVENUE ACCOUNTS, &c.

IT has already been mentioned in previous sections that Mining Companies necessarily differ in the ends aimed at from those of Trading Companies. The latter companies, in nine cases out of ten, contemplate permanency; their business is expected to grow from day to day, and their undertaking usually has a value inherent in itself in the shape of goodwill, trade connection, exclusive rights to trade, monopoly, &c. But none of these conditions apply to the business of a Mining Company, as its whole existence is bounded by the extent of the ore bodies or mineral deposits it is formed to work, and therefore its business is of a wasting nature. Though these remarks refer mainly to No Liability Companies, they are not altogether inapplicable to the larger ventures, which are mostly registered as Trading Companies, and whose accounts follow the lines of such companies. Still, these companies would be wise in not placing too much value on their often very extensive and costly mining and ore-treating plants, even though such would have an ultimate but largely reduced value for removal.

Some typical Balance Sheets and Revenue or Profit and Loss Accounts follow, each of which has been selected to illustrate some typical condition: the special circumstances pertaining to each are referred to as they occur.

No. 1 shows the accounts of a Gold Mining Company not yet come to the dividend-paying, or even gold-producing, stage. In the event of such stage being reached, Profit and Loss would be

credited with the net amount of gold after the cost of mining or "getting to grass" and milling had been deducted, assimilating to the Trading Account of commerce. The Mine Account shows as first cost the amount paid for the property and leases, either in cash or shares, or partly in both, and is further debited with the net expenditure for the previous six months, such expenditure including expenses of management as well as development, but not any plant. The Profit and Loss is really the working expenses of six months, less sundry incidental credits, and is shown this way as a matter of convenience. The debit balance of £976 5s. 9d. will find its way to the Mine Account in due course. The Cash Account (which is simply receipts and payments, and has no necessary connection with Profit and Loss) is a good deal used, as it shows shareholders, who care nothing about Balance Sheets but a good deal about the money, what sum has been received, and what has become of it. In fact, some companies publish no statement but this, and, as mentioned elsewhere, money and not profit is really the font of dividends—in other words, money is "profit to date." The Forfeited Shares amount, £1,069 7s. 2d., is the actual amount of calls unpaid on shares forfeited on sundry occasions; this item is sometimes placed among the assets, but the way of showing it herein exhibits the capital actually paid up in cash or kind. Either system is defensible, and as dividends are nearly always declared at so much a share, instead of a percentage on paid-up capital, the matter is of no very great importance. The other entries explain themselves.

No. 2. A Copper Company. Among the liabilities will be noticed Debentures, £10,000, an item not very often appearing in No Liability Companies' books. The mine here has been charged only with the costs of purchase, development being retained as a separate asset, and Plant and Machinery at *cost*. The "Mine Working Account" is to all intents and purposes a

Trading Account, although some items might be claimed as Distributing Charges or Establishment Charges; but as the balance of "Working Expenses Account," in other words, Profit and Loss, is in no way affected, the incidence of charging is immaterial. The wages paid are distributed over the various services in the "Working Account." The item of the assets "Copper *in Transitu*" represents the difference between advances and market value. A profit is shown, but a dissection of the Balance Sheet would probably not recommend to accountants the declaration of a dividend.

No. 3 shows the accounts of the Sterling Silver Mining Association, Lim., a large exploration and development company. These statements illustrate most of the points previously referred to under the heading of accounts. Following the ordinary programme of such companies, shipments of ore were made to the United Kingdom to start with, and smelting operations were afterwards entered on. The Profit and Loss Account shows the final accounts for such shipments, and then smelting operations take the pride of place. This Association not only smelted its own ores, the production of which at the date of the accounts had fallen away considerably, but also bought largely from the public, among which were several of its own subordinate companies ("pups," as they were then termed), being mines originally worked by the Association and afterwards floated off when sufficiently developed. This necessitated the Smelter Accounts being kept apart, and smelting being worked as practically a separate business, as the Profit and Loss Account shows. To turn to the Balance Sheet, the first point is the treatment of the Capital Account, which practically follows the history of the company, showing the various issues and proportionate reductions as "pups" were called into existence, and the other liabilities speak for themselves. On the assets' side the

first item is "Claims Account," now generally termed "Mine Account," representing the capital cost of the various mining properties held by the Association, and is little better than a compensating entry as against Capital *per contra.* Plant Account shows the then estimated value of the smelter, &c., after heavy depreciation had been allowed (as per Profit and Loss Account), and Products Account shows in fairly full detail the state of the actual assets in this respect, while the other items do not call for comment. This Association was registered as a Trading Company, and the accounts shown will serve to indicate how the system applies. When calls were made therein it came as a shock to shareholders to find out that payment could not be evaded, and as they came at an awkward time (they always do) this tended to strengthen the public's preference for the No Liability System for mining ventures.

No. 4 illustrates an entirely different style of accounts, and practically shows the *Nunc dimittis* of a company formed for coal mining purposes, which struggled in vain against the *vis inertia* of the No Liability System and the benumbing influence of heavy paid-up interests. This instance tends as much to exemplify the danger of heavy paid-up interests as the inherent weakness of the No Liability System, though the company's downfall was due to both. These accounts were, in view of the occasion for which they were prepared, necessarily very elaborate, and they illustrate the whole system of a No Liability Company's financial operations prior to the mine being put in a position to yield returns and pay its way. As the accounts themselves will be self-explanatory, no further comments are required.

Statutory Requirements as to Filing Accounts.—

In Victoria and Tasmania the law requires the directors of a Mining Company to have half-yearly statements of the affairs

and transactions of the company prepared, and it further directs that a printed copy of the same, verified by affidavit, shall forthwith be served in Victoria on the Registrar-General, and in Tasmania on the Secretary for Mines. No particular form is specified, but the officials mentioned are empowered to prescribe the forms to be used in their respective States, which, however, they have not yet done, except in the case of Victoria, which State has gazetted a prescribed form of accounts to be used from the date of such notice—viz., 19th February 1902. (See Appendix "B.") It will be noted that no form of auditor's certificate is prescribed, nor, indeed, is there any provision for audit mentioned, which, in so elaborate a form, seems somewhat of an omission. There is no penalty for non-compliance, but where the company has been drawn into legal proceedings, the fact of its not having filed such statements has been made use of by the opposing lawyers to its disadvantage. In New South Wales Mining Companies are required to have a Balance Sheet prepared at least once a year, and this must be in the form (or as near as may be) to the schedule in Table "A" of the Companies Act (identical to that in the English Act of 1862), and a copy of this Balance Sheet must be filed with the Registrar-General within one month after the general meeting. If it be not so filed within that period, the defaulter is liable to a penalty.

In *Western Australia*, under the Company Duty Act, Mining Companies are required to forward once a year to the Colonial Treasurer a return, verified by a statutory declaration, showing their profits for the past year, and with it to pay to the Crown a duty of one shilling in the £ on such profits.

The *South Australian Act* contains no provision as to the filing of accounts, neither does that of Queensland.

No. 1.—

THE NORTH GOLD MINING COMPANY—No Liability.

BALANCE SHEET at 31st December 1900.

Liabilities		£ s d	*Assets*		£ s d
Capital		54,000 0 0	Mine at First Cost ..	£25,250 0 0	
Less Uncalled ..	£14,400 0 0		Expenditure to 30th June		
,, Calls Unpaid, and not			1900, transferred ..	11,436 12 3	
yet Due	212 11 8				36,686 12 3
,, Forfeited Shares ..	1,069 7 2		Plant and Machinery at Cost	731 0 0	
		15,681 18 10	*Less* Portion Sold	30 0 0	
					701 0 0
		38,318 1 2	Sundry Debtors		5 4 9
Sundry Creditors		97 1 9	Cash in Hand	40 1 4	
Petty Cash Advance		1 0 6	Colonial Bank, Melbourne ..	6 19 4	
					47 0 8
			Profit and Loss		976 5 9
		£38,416 3 5			£38,416 3 5

PROFIT & LOSS ACCOUNT for Six Months ending 31st December 1900.

	£	s	d		£	s	d
To Directors' Fees	29	8	0	By Crushing for Bristol Co.	12	3	0
,, Wages (including Contractors)	658	12	9	,, Sandstone	11	16	8
,, Mine Charges	215	1	11	,, Balance	976	5	9
,, General Charges	96	14	9				
,, Lease Rents and Fees	0	8	0				
	£1,000	5	5		£1,000	5	5

CASH ACCOUNT for Six Months ending 31st December 1900.

	£	s	d
To Balance at 30th June, 1900	45	12	10
,, Calls	1,004	14	8
,, Crushing for Bristol Co.	12	3	0
,, Plant and Machinery (Sale)	30	0	0
,, Forfeited Shares	10	4	6
,, Sandstone	11	16	8
,, Sale of Sundries at Mine	5	0	0
,, Petty Cash Advance	1	0	6
	£1,120	12	2

				£	s	d
By Wages (including Contractors)				658	12	9
,, Directors' Fees				29	8	0
,, Lease Rents and Fees				0	8	0
,, Plant and Machinery				22	3	0
,, Petty Cash Refunded				6	16	10
,, Mine Charges—						
Stores, Timber, Explosives, &c.	£99	19	2			
Firewood and Charcoal	85	14	6			
Cartage	12	6	5			
Insurance	10	5	6			
Battery Rent	28	0	0			
Repairs	11	7	3			
Petty Cash and Sundries	11	15	4			
				259	8	2
,, General Charges—						
Salary and Audit Fee	50	2	0			
Advertising, Printing, and Stationery	10	3	1			
Report on Mine	15	15	0			
Auctioneer Charges	4	4	0			
Bank Charges	1	19	0			
Petty Cash and Sundries	14	11	8			
				96	14	9
,, Cash in Hand	40	1	4			
,, Colonial Bank (Melbourne)	6	19	4			
				47	0	8
				£1,120	12	2

No. 2.—

THE SOUTH MINING AND SMELTING COMPANY—No Liability.

Dr. BALANCE SHEET for period ended 30th April 1900. *Dr.*

Liabilities

Capital		£75,000 0 0	
Less Capital Uncalled	£10,000 0 0		
Calls Unpaid	2,349 14 0		
		£12,349 14 0	
			£62,650 6 0
Debentures			10,000 0 0
Sundry Creditors			3,016 17 2
Commercial Banking Company; Blayney			1,743 3 3
Balance Working Expenses Account			3,125 18 5
			£80,536 4 10

Assets

Mine Purchase		£54,350 0 0
Plant and Machinery		10,004 2 11
Mine Development—Permanent Working		7,383 1 3
Tram Line and Siding		1,179 13 4
Dam		250 0 0
Stocks on hand		2,805 8 3
Copper in transit		2,861 3 6
Bank of Victoria	£328 9 8	
Commercial Banking Co., Sydney	1,260 11 3	
		£1589 0 11
Petty Cash in hand		6 10 10
Sundry Debtors		17 6 10
Office Furniture, Sydney	77 5 0	
" " Blayney	7 12 0	
		£84 17 0
Forfeited Shares		5 0 0
		£80,536 4 10

MINE WORKING ACCOUNT.

Matte on hand 31st October 1899		£1,250 0 0	By Copper sold or consigned during Half-year	£12,295 9 6
Mine Working Expenditure		3,508 14 3	" Matte on hand	2,156 0 0
Smelter		4,728 8 11	" Balance to Working Expenses	851 2 3
Reverberatories		2,307 5 4		
Tram Line		462 10 11		
Maintenance and Repairs to Plant and Machinery		680 18 3		
Expenses on Consignments		1,271 17 2		
Management and General Expenditure—				
Salaries	£504 13 4			
Assay Office	183 1 2			
Advertising, Printing, and Stationery	1 13 1			
Rents, Rates, and Taxes	24 5 0			
Travelling Expenses	46 13 0			
Interest	57 1 1			
Postages and Telegrams	23 3 9			
Exchange	62 14 0			
Surveys	150 0 0			
General	39 12 6			
		£1,092 16 11		
		£15,302 11 9		£15,302 11 9

WORKING EXPENSES ACCOUNT.

To Balance—Mine Working Account	£851	2	3	By Balance 31st October 1899	£5,059	9	7
" Interest on Debentures, &c.	231	17	0				
" Directors' Fees	225	0	0				
" Travelling Expenses (extending over two years)	387	0	0				
" Melbourne Salaries	64	13	4				
" " Office Rent	22	13	3				
" Legal Expenses	50	0	0				
" Stationery, Printing, and Advertising	101	5	4				
" Balance	3,125	18	5				
	£5,059	9			£5,059	9	7

STATEMENT OF RECEIPTS AND EXPENDITURE.

	£	s.	d.		£	s.	d.
1900—30th April—				1899—31st October—			
Copper	£12,189	6	10	Balance	£736	0	0
Calls	5,020	6	1	1900—30th April—			
Balance	147	11	6	Plant and Machinery	444	12	10
				Wages	8,449	13	7
				Salaries	526	6	8
				Contractors	576	11	6
				Freight	1,387	0	7
				Timber	573	1	1
				Stores	708	5	7
				Fuel	2,613	4	9
				Smelter Flux	104	3	5
				Explosives	252	5	7
				Plant and Machinery (Maintenance)	33	0	0
				Freight and Charges	69	12	4
				General Expenses	128	1	8
				Interest	357	1	1
				Travelling Expenses	34	6	9
				Melbourne Office	363	17	0
	£17,357	4	5		£17,357	4	5

No. 3.—

THE STERLING SILVER

Dr. PROFIT AND LOSS ACCOUNT,

	£ s d	£ s d	£ s d
To Smelting Account—			
For Ore Purchased during Half-year		47,431 10 2	
Cost of treating same—			
Coke and Firewood	9,969 14 8		
Chemicals, Stores, Fluxes, and Water ..	2,882 10 10		
Wages, Smelter, and Refinery..	6,297 15 9		
Stabling, &c.	902 18 9		
Royalty	917 0 0		
Wear and Tear Account	27 18 4		
		20,997 18 4	
For Expenses of Shipment and Sale, London Expenses, including Interest and Exchange on Advances	2,187 5 9		
" Carriage to Adelaide and Shipping Charges	1,721 6 10		
" Marine Insurance..	420 17 3		
		4,329 9 10	
			72,758 18 4
" Mines Expenses—			
For A.B. Mine Account, Wages Account.. ..	834 12 2		
" Contracts	322 6 6		
" General Expenses..	37 9 3		
		1,194 7 11	
" C.D. Mine Account		54 19 7	
" E.F. Mine Account (Old Proprietary).. ..		20 6 9	
" G.H. Mine		11 18 3	
" L.M. Mine		2 10 0	
			1,284 2 6
" Leasehold Rents (to 31st December 1886)			338 9 0
" General Expenses—			
For Management Expenses (including Salaries, Directors' Fees, Travelling Expenses, General Charges, and Petty Cash) ..	642 7 11		
" Interest and Exchange	245 13 3		
" Law Costs	53 5 8		
			941 6 10
" Ore Shipments Expenses Account—			
For London Charges on E.F. Mine Ore, Shipment (Outstanding 31/12/85)			144 1 1
" Wear and Tear Account—			
For Amounts Written off—			
Smelter Plant Account		3,755 5 7	
Working " "		232 19 0	
Mining " "		29 7 5	
			4,017 12 0
" E.F. Mine Ore Account—			
For Amount Written off previous Valuation to reduce Accounts to value of Ore as ascertained since 30/6/86			2,460 0 0
" X. Mine Shares Account—			
For Amount Written off to reduce Valuation to 1s. per Share, as per Balance Sheet ..			2,669 2 0
Balance carried forward			8,000 6 9
			£92,613 18 6

MINING ASSOCIATION, LIMITED.

30th June 1886. *Cr.*

	£ s d	£ s d	£ s d
By Balance, 31st December 1885			7,599 17 7
" Smelting Account—			
For Silver and Lead on hand and in transitu to London, also purchased Ore on hand		49,250 0 0	
Proceeds of Silver, &c., sold during half-year		69,988 1 5	
		£119,238 1 5	
Less previously Credited at 31/12/85 ..		34,925 0 0	
			84,313 1 5
" Mines Ore Accounts—			
E.F. Mine (Old Proprietary) Ore Account—			
Proceeds of Shipment (outstanding 31/12/85)		1,871 4 0	
Less previously Credited		1,738 0 0	
		£133 4 0	
Deduct for co-partner's ⅛ Share		14 16 0	
		£11 8 0	
A.B. Mine Ore Account—			
Proceeds of Ore treated at Smelter during half-year..	1,551 10 8		
Less previously Credited..	1,000 0 0		
		551 10 8	
L.M. Mine Ore Account—			
Proceeds of Ore treated at Smelter during half-year..		16 10 4	
			686 9 0
" Unallotted Shares Account—			
For Dividend received on 157 E.F. Mine Shares attached to 157 Unallotted Shares of Second Issue			11 15 6
" Transfer Fees			2 15 0
			£92,613 18 6

WM. N. ROBERTSON, *Secretary.*

BALANCE SHEET,

Liabilities.

	£ s d	£ s d	£ s d
To Capital Account—			
For Amount of *Registered Capital*, as under—			
On First Issue of 32,000 Shares at £5	160,000 0 0		
" Second Issue of 32,000 Shares at £5	160,000 0 0		
		320,000 0 0	
Less Uncalled Capital Account—			
For Amount Uncalled—			
On First Issue, 4s. per Share ..	6,400 0 0		
" Second " 5s. " ..	8,000 0 0		
	14,400 0 0		
Less Unallotted Shares Account—			
For 157 Shares of Second Issue unallotted (*cum* E.F., X., and Sterling Mines) at £4 15s. ..	745 15 0		
		15,145 15 0	
		304,854 5 0	
Less Amounts Written off in reduction of Capital Account—			
For Proportionate Numbers of Shares allotted to Association in payment for Claims by—			
E.F. Mine Co. Lim., 64,000 Shares, paid up to £1	64,000 0 0		
X. Mine Co., Lim., 64,000 Shares, paid up to £1	64,000 0 0		
Sterling S. M. Co., Lim., 16,000 Shares, paid up to 15s.	12,000 0 0		
		140,000 0 0	
			164,854 5 0
To Amounts Owing by Association—			
On Ore Purchases	392 18 2		
" Bills Payable	501 3 2		
" Bank Overdraft (Sydney and Melbourne)	1,250 13 2		
" Sundry Creditors	10,084 15 4		
			12,229 9 10
Balance, Profit and Loss Account			8,000 6 9
			£185,084 1 7

30th June 1886.

Assets.

	£ s d	£ s d	£ s d
By Claims Account			159,431 16 10
" Plant Account—			
Smelter	7,500 0 0		
Working Plant	500 0 0		
Mining "	300 0 0		
		8,300 0 0	
" Town Property, Melbourne		1,000 0 0	
" Office Furniture		100 0 0	
" Coke on Hand and in transitu		5,900 0 0	
			15,300 0 0
" Products Account—			
Silver and Lead on hand and in transitu to London for sale	49,250 0 0		
Less Advances taken against Shipments (Bills Negotiated)	42,700 0 0		
		6,550 0 0	
E.F. Mine Ore Account (Old Proprietary)—			
Ore at grass, 280 tons at £3 net ..	840 0 0		
Less Amount held in Suspense Account for Co-Partner's ⅛ Share in E.F. Mine Ore (as above)	100 0 0		
		740 0 0	
			7,290 0 0
" Amounts owing to Association—			
Sundry Debtors			2,640 5 9
" X. Mine Shares Account—			
1,570 original issue and 6,869 preference paid up to 19s. = 8,439 shares at 1s. per share			421 19 0
			£185,084 1 7

Wm. N. ROBERTSON, *Secretary.*

No. 4.—

THE BLACK DIAMOND COLLIERY COMPANY—No Liability.

Dr. RECEIPTS AND EXPENDITURE for Half-Year ending 30th April 1889. *Cr.*

Receipts

	£ s d	£ s d	£ s d
To Capital Account—			
Shares paid up in full		274 3 2	
£10 Shares—payments completed		32 0 0	
Calls No. 7	1 0 0		
8	28 10 0		
9	46 10 0		
10	62 5 0		
11	51 0 0		
12	28 3 0		
13	19 3 0		
14	3 13 0		
15	10 0		
		240 14 0	
			546 17 2
,, Loan on Mortgage—			
R. H.		234 0 0	
W. B.		84 0 0	
A. A. (£433 *less* refunded £50)		383 0 0	
T. G.		141 0 0	
G. H.		200 0 0	
			1,042 0 0
,, Bills Payable retired			212 17 4
,, Mine Advance			20 0 0
,, Accident Insurance			11 14 3
,, I. B.—Cash Advanced			11 11 5
,, Royal Bank of Sydney—Overdraft			297 16 6
,, Balance in hand 30th October 1888			89 4 4
			£2,232 1 0

H. JONES, F.F.I.A., Manager.
Melbourne, 29th May 1889.

Expenditure

	£ s d	£ s d
By Tramway Account—		
Wages	919 0 2	
Sleepers	306 15 5	
Stores	36 4 11	
		1,262 0 6
,, Sundry Persons—		
R. & Co.	119 3 1	
R. & R.	50 0 0	
H. P.	25 0 0	
A. H	10 0 0	
		204 3 1
,, Bills Payable—(Including retirements per contra)		457 13 9
,, Mine Wages	121 18 4	
,, ,, Charges	1 0 0	
		122 18 4
,, Management Charges—		
Office Management	91 0 0	
Charges	32 5 4	
Law Costs	1 10 0	
Travelling	13 5 0	
Audit Fees	4 4 0	
Interest on Bank Overdraft	2 4 8	
		144 9 0
,, Lease Rents		10 7 1
,, Commission on Shares		5 0 0
,, Newcastle Account		15 0 0
,, Balance—Cash in hand		10 9 3
		£2,232 1 0

Audited and found correct, 5th May 1889.
P. ROBINSON, F.F.I.A., Auditor.

WORKING ACCOUNT from 8th May 1885 to 30th April 1889 (say 4 years).

Dr.

	£ s d	£ s d
To Mine Account—		
Wages	1,348 10 2	
Stores, Timber, Horsefeed, &c.	114 3 10	
General Expenses	33 15 6	
Mine Office and House Rents	32 17 0	
		1,529 6 6
,, Management—		
Melbourne Office Management and Rent	472 0 0	
Directors' Fees	432 0 8	
Travelling Expenses	269 4 4	
		1,173 5 0
,, Commission and Expenses on Sale of Shares		887 10 5
,, Leasehold Rents and Fees		768 12 2
,, General Expenses—		
Printing and Advertising	234 1 8	
Sundry Charges	199 3 6	
Tramway Accounts—Law Costs, &c.	70 6 2	
Coal Accounts—Freight, &c.	55 5 4	
Law Costs—General	34 9 3	
Audit Fees	18 18 0	
		612 3 11
,, Interest		130 5 1
		£5,101 3 1

Cr.

	£ s d
By Premiums received on £25 Shares	450 0 0
,, Forfeitures and Cancellations	100 17 6
,, Balance as per Balance Sheet (Mine Account)	4,550 5 7
	£5,101 3 1

MEMO. OF CAPITAL EXPENDITURE.

Dr.

	£ s d	£ s d	£ s d
Total Receipts from Capital—			
Original Proprietary Shares—			
75 sold @ £25	1,875 0 0		
Less Cash Paid Promoters	525 0 0		
		1,350 0 0	
Increased Issue—£10 and £1 shares sold	8,380 0 0		
Less Uncalled and unpaid	381 3 0		
		7,998 17 0	
Total Capital paid in			9,348 17 0
Add Liabilities, as per Balance Sheet			5,214 9 11
			£14,563 6 11

Cr.

	£ s d	£ s d
Working Account—Balance as above		4,550 5 7
Tramway Account as per Balance Sheet		7,471 7 10
Plant Account do.		2,494 12 1
Balance City of Melbourne Bank	31 12 2	
Cash Account per Balance Sheet	15 9 3	
		47 1 5
		£14,563 6 11

BALANCE SHEET,

Liabilities

		£ s d	£ s d	£ s d
To Capital—Registered Capital 60,000 Shares of £1 ..		.. ..	60,000 0 0	
Less Unissued 6,545 Shares at £1 (subject to Lien on 2,750 and B. & Co.'s bonus as to 390)		6,545 0 0		
" Uncalled on 938 Shares at 6s.		281 8 0		
" Unpaid Calls—No. 7	£0 15 0			
8	1 0 0			
9	1 10 0			
10	3 15 0			
11	3 15 0			
12	16 15 0			
13	25 5 0			
14	35 15 0			
		88 10 0		
" Due on £10 Shares		13 0 0		
" Unpaid Allotment		1 5 0		
		6,929 3 0		
Allow for Calls paid in Advance		3 0 0		
			6,926 3 0	
				53,073 17 0
" Outstanding Liabilities—				
" Amount due on Judgment—H. & Co.		107 2 9		
" " to Mortgagees—				

	£ s d		£ s d
Advances	2,332 0 0	R. H. ..	636 6 2
Interest	124 9 4	W. B. ..	625 8 11
Directors' Fees ..	43 14 9	A. A. ..	584 1 6
Lease Rents	29 2 1	G. H. ..	373 1 4
Travelling Expenses	14 0 0	T. G. ..	295 0 11
	£2,543 6 2	Leasehold Rents paid and Interest thereon.	29 7 4

		£ s d	£ s d	£ s d
			2,543 6 2	
" Victorian Railways Commissioner—Account Rails, &c.			1,371 2 10	
" Bills Payable			397 19 2	
" Unpaid Wages—I. B.		63 14 3		
General		61 15 10		
			125 10 1	
" Sundry Accounts—Mines Department —Account Pump, &c.	70 0 0			
Unpaid Lease Rents	55 0 11			
		225 0 11		
" Directors—				

	£ s d		£ s d
Directors' Fees ..	101 18 5	W. L. ..	37 13 1
Travelling Expenses	22 10 0	E. M... ..	37 10 0
		W. P. ..	34 15 2
	£124 8 5	Jas. B. ..	14 10 2

		£ s d	£ s d	£ s d
		124 8 5		
Cash Advanced*—I. B.		20 19 5		
Accident Insurance		16 12 3		
A. H. M. (Account Surveys, &c.)		16 5 0		
Sundry Accounts		68 6 5		
			371 12 5	
" Royal Bank of Sydney, Lim.—Overdraft			297 16 6	
				5,214 9 11
				£58,288 6 11

H. JONES, F.F.I.A., Manager.

Melbourne, 29th May, 1889.

30th April 1889.

Assets

	£	s	d	£	s	d
By Mine Account—						
Consideration paid for same in Shares	43,650	0	0			
Do. for additional Mining Rights do.	75	0	0			
	43,725	c	0			
Add Working Account—Balance as per separate Account ..	4,550	5	7			
				48,275	5	7
„ Tramway Account—						
Wages and Contracts	3,427	5	4			
Rails and Railway Material	2,576	9	7			
Sleepers	654	15	7			
Steel Rope	450	5	8			
Bridge Timber and Stores	362	11	8			
				7,471	7	10
„ Plant Account—						
Tramway	1,678	8	2			
Mining Plant	816	3	11			
				2,494	12	1
„ A.B. Bank, Lim. (In Liquidation)				31	12	2
„ Cash in hand	10	9	3			
„ Petty Cash Advance..	5	0	0			
				15	9	3
				£58,288	6	11

NOTE.—The Company's Leases and Plant are subject to a Mortgage and Bill of Sale to secure indebtedness to Messrs. C., G., A., H., and G. as per contra.

H. BROWN, Chairman,
4/5/89.

Audited and found correct, May 1st 1889,
P. R., F.F.I.A., Auditor.

VII.—WINDING-UP.—COMPULSORY.

Before dealing with this branch of the subject, it may not be out of place to again refer to the conditions as to liability upon which shares in No Liability Companies are held. The Companies Acts of all the different States provide that the acceptance of a share in a No Liability Company shall not be deemed a contract by the person accepting the same to pay calls in respect thereof, or to make any contribution towards the debts or liabilities of the company; while in the Limited Liability Mining Companies of Victoria and Tasmania, unless action for recovery of calls be taken within 14 days after due date, much the same position is arrived at. Having thus cleared the ground, we may now proceed to deal with the liquidation of No Liability Companies.

Taking Victoria and Tasmania first, the law of these States provides that such companies may be wound up by the Court of Mines for much the same reasons as any other company by the Supreme Court, the grounds generally following the same lines as those laid down in Section 79 of the English Companies Act, 1862, excepting that, as in these States there is no minimum number of members required to form a Mining Company, Sub-section 3 is omitted, and additional clauses are inserted providing that if such a company conveys or assigns its property, either for the benefit of, or for the purpose of delaying or defeating, its creditors, such shall also be grounds for the Court to act on. When the necessary formalities have been complied with, and the Court has made the order for

winding-up, the property of the company vests in the Clerk of the Court, and subsequent proceedings approximate very much to those in bankruptcy. A meeting of creditors has to be held and a liquidator appointed. This appointment must afterwards be confirmed by the Court, and when such is done the liquidator proceeds to realise and distribute the assets of the company among its creditors. If, after the liabilities are discharged, a surplus remains, it is divisible among those entitled thereto who would have been contributories in a limited company.

In the case of a Limited Liability Mining Company (confined to Victoria and Tasmania), which, as has been previously indicated, is a sort of "half-way house" between a Trading Limited Company and a No Liability Company, the order for winding-up fastens the liability to contribute on those shareholders whose names appeared on the Register as holding shares at the commencement of the winding-up, and the amount of whose shares shall not have been fully paid-up. The optional position is no longer tenable, and there is now no escape from liability. But it only affects those persons whose names were actually on the Register when the order was made, and does not cast its shadow on those who have gone before; there is no "B" list. The settling of the list of contributories, moreover, differs to some extent from the like procedure as to Trading Companies. In the Mining Company the list may not be settled until after the liquidator has realised the assets of the company, and then he is required to make out a statement showing the amount so realised, and his estimate of what further amount will be needed to discharge the liabilities of the company; also what contribution per share will be required to provide such amount. On the figures so stated the Court settles the list, and directs the amount per share to be contributed by the shareholders, which shall not exceed the amount uncalled on the shares. If all pay, well and good; but, if not, the Court can again be moved to

direct further contributions to the extent of their uncalled liability by those who can pay. With this variation, the requirements as to winding-up Limited Mining Companies are the same as those for No Liability Companies, as set forth above.

The "Plan of Distribution" for both classes, as prescribed by the Acts, is as follows:—

(1) Costs and charges of winding-up.

(2) The remuneration of the liquidator and his clerk (if any).

(3) Two weeks' wages in full as a preferential claim over mortgages, and all other debts to any labourer employed by the company in or about its mine actually due when the winding-up order was made.

(4) Any rent due by the company at the date of winding-up, not exceeding three months.

(5) All other debts of the company, having regard to any legal priority of such among themselves, including any rent in excess of three months, as per (4).

In Victoria, in addition to the provision as to wages above (3), the Mines Act provides that on the winding-up of *any* Mining Company—without regard to the form of its incorporation, or in the distribution of assets on the cessation of work by a No Liability Company—there shall be paid in priority of all debts whatsoever, secured or unsecured, all wages or salary (not exceeding £50) of any clerk, mining manager, or other mining employee, due for services rendered during two months prior to the commencement of winding-up or cessation of work.

In New South Wales, Queensland, South Australia, and Western Australia the winding-up of No Liability Companies under the Court follows the practice of Trading Companies,

always excepting the provisions as to contributories, and the local legislation in this respect approximates very closely to the English law.

In Victoria and Tasmania any Mining Company may be wound up voluntarily, but only under special circumstances. It must not then be in debt, and the voluntary winding-up must be resolved upon at an extraordinary meeting by a majority of two-thirds in *number* and *value* of the shares in the company. In this case no liquidator is needed, as the Act directs that the directors shall perform the necessary duties, subject to any directions the shareholders may have given at the extraordinary meeting when the resolution was passed. The paramount conditions, as to freedom from debt and statutory majority, are such, however, that unless there are special reasons for adopting that course, voluntary liquidation is seldom resorted to. Other means for the distribution of the company's assets are adopted, and its end is peace. It simply ceases to exist.

Referring to the remarks under the sub-heading of "Plan of Distribution," it would appear that this contingency was contemplated, at any rate in Victoria, in the provisions as to wages. In New South Wales No Liability Companies may be wound up voluntarily on somewhat the same conditions as Victoria and Tasmania—viz., freedom from debt and a two-thirds majority, but this majority is only of the members present at the meeting in person or by proxy, and not of the whole company; while in Queensland, South Australia, and Western Australia, with special exemptions for No Liability Companies, wherever the provisions as to the liability of members as contributories occur throughout the Acts, the requirements as to the voluntary winding-up of No Liability Companies are the same in these States as those for Trading Companies, which, as has already been mentioned, closely follow the English Acts.

APPENDIX B.

VICTORIAN GOVERNMENT GAZETTE.

COMPANIES ACT 1890, No. 1074.

I, Thomas Byrne, Registrar-General of the State of Victoria, under the powers conferred on me by section 224 of the above Act, do hereby prescribe that the half-yearly statement of every company registered under Part II. of the said Act shall be kept in the form set forth in the Schedule hereto.

Schedule above referred to.

(Name of Company to be given here.)

BALANCE SHEET at (Date).

Liabilities.

Nominal Capital—			
Shares of £ each		£	
Less Unissued Capital—			
Shares of £ each			
Subscribed Capital—			
Shares to Vendors	£		
Contributing Shares			
Shares of £ each		£	
Less Uncalled Capital—			
Shares at £ each	£		
Calls in arrear			
Paid-up Capital		£	
			£
Reserve Fund (state how constituted)			
Premiums on Shares (state particulars of issue)			
Sundry Creditors			
Other Liabilities			
Surplus on Forfeited Shares Unclaimed			
Dividends Unclaimed			
Contractors' Deposits and Percentages Retained ..			
Balance Profit and Loss Account			
			£

Assets.

Mine Account—			
Cash to Vendors	£		
Shares to Vendors			
Capital Written-up on Shares at Registration			
		£	
Development of Mine (or Mine Expenditure) ..			
			£
Machinery and Plant—			
Winding Gear and Housing		£	
Battery and Housing			
Gold Saving Appliances			
Other Plant..			
			£
Stores and Stocks on Hand			
Sundry Debtors			
Other Property not included above			
Forfeited Shares in Company's hands			
Loss of Capital on Forfeited Shares Sold (book entry only)			
Fixed Deposit, Bank of Lim.			
Balance in Bank—Current Account		£	
Cash in Hand			
Balance in Bank—Trust Account			
Balance in Bank—Dividend Account			
			£

(Name of Company to be given here.)

STATEMENT OF RECEIPTS AND DISBURSEMENTS for Half-year ended (Date).

Receipts.

To Balance in Bank of Lim. at last half-year—	
" Current Account ..	£
" Trust Account ..	..
" Gold and Pyrites ..	..
" Calls ..	..
" Interest ..	..
" Transfer Fees ..	..
" Deposits on Contracts ..	..
" Proceeds Sales of Forfeited Shares—Surplus ..	..
	£

Disbursements.

By Machinery and Plant— ..		£
Developmental Works or Mine Expenditure for Revenue ..		..
" Mining Ore—		
Wages ..	£	
Timber, Stores, and Fuel ..	..	
Contracts ..	..	
" Treatment of Ore—		
Wages ..	£	
Stores and Fuel ..	..	
Lease Rents ..	£	
Insurance ..	..	
Directors' Fees ..	..	
Auditors' Fees ..	..	
Manager's Salary ..	..	
Printing, Advertising, and Stationery ..	..	
Travelling Expenses ..	..	
Law Costs ..	..	
General Charges ..	..	
Branch Office Expenses ..	..	
Deposits on Contracts Refunded ..		..
Fixed Deposit Bank of Lim. ..		..
Surplus on Sale of Forfeited Shares Refunded		..
Dividends ..		..
Cash in hand ..	£	
Balance in Bank of Lim. Current Account ..	..	
Balance in Bank of Lim.—Trust Account ..		..
Balance in Bank of Lim.—Dividend Account ..		..
		£

(Name of Company to be given here.)

PROFIT AND LOSS ACCOUNT for Half-Year ended (Date).

To Mine Charges—					By Balance at (give date)		
Developmental Works		£			" Gold and Pyrites	£	
" Mining Ore—					" Interest		
Wages	£				" Transfer Fees		
Timber, Stores, and Fuel ..							
Contracts							
" Treatment of Ore—							
Wages	£						
Stores and Fuel							
Lease Rents							
Insurance							
Depreciation of Plant			£				
" Expenses of Management—							
Directors' Fees		£					
Auditors' Fees							
Manager's Salary							
Printing, Advertising, and Stationery ..							
Travelling Expenses							
Law Costs							
General Charges							
Branch Office Expenses							
" Profit and Loss Account—							
Profit for Half-Year (£ state amount here)							
Appropriated thus—							
Carried to Reserve Fund		£					
Dividends Declared							
Balance carried to next Half-Year							
				£			£

NOTES TO THE ABOVE STATEMENT.

Development of Mine or Mine Expenditure.—

This item, appearing in Balance Sheet under Mine Account, represents the amount expended in managing and in developing from the inception of the company until it is self-supporting; subsequent developmental expenditure, except such as is clearly not connected with earning revenue and is added to the mine, being charged against profits. In a progressive mine which has not reached the self-supporting or revenue-earning stage, a Working Account should be produced in lieu of a Profit and Loss Account, and the balance of the former added to the amount appearing against Development of Mine or Mine Expenditure at the end of each half-year, and this account will then show the total sums expended in this direction at the date of the publication of the Half-Yearly Statements.

Capital Lost on Forfeited Shares.—

It may happen that shares which become forfeited in consequence of non-payment of calls are sold for less than the amount of calls due upon them, and the loss thus caused is a loss of capital. It is proposed to show this item separately, though it is not a realisable asset; it should not be written off to Mine Account.

Forfeited Shares.—

When forfeited shares are bought in by a company a separate account should be opened, debiting the amount paid at sale for the shares and subsequent calls thereon.

Bank Balance.—

For the purpose of clearness it is better to show "Balance in Bank" or "Balance due to Bank" as the case might be.

Capital Written up on Shares at Registration.—

The practice with a number of companies is to issue shares with a face value in excess of the actual cash paid for them, and the only way to treat the amount not received is to show it as an asset as part of the cost of the

mine. It is debatable whether such course is strictly legal; but in the absence of any decision on the point, and having regard to custom, it is thought desirable to prescribe a method of showing it distinctly in the Balance Sheet instead of including it under Mine Account.

General.—

Any legal manager may produce any additional or supplementary statements he may desire, but it is considered that at the least the particulars in the above statement are absolutely necessary for the information of shareholders.

The statement is compiled as for a quartz gold mining company, such mines being in a majority in this State, but, with slight variations, may be made applicable to alluvial gold, or companies formed for the purpose of any kind of mining under Part II. of the Companies Act, 1890.

Seal

THOS BYRNE,
Registrar-General for the State of Victoria.

REGISTRAR-GENERAL'S OFFICE,
10*th day of February* 1902.

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